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Report to Congressional Requesters

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FEDERAL PERSONNEL

Issues on the Need for the Public Health Service's Commissioned Corps

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May 7, 1996

The Honorable Lamar Smith
House of Representatives

The Honorable John R. Kasich
House of Representatives

This report responds to your request that we review the operations of the Public Health Service's (PHS) Commissioned Corps, whose officers carry out a variety of public health functions. You were interested in (1) whether there is a continuing need for the PHS Corps as a uniformed service with military-like pay, allowances, and benefits and (2) what the costs would be if federal civilian employees carried out the Corps' functions. You were also interested in the same issues regarding the National Oceanographic and Atmospheric Administration's (NOAA) Commissioned Corps. We plan to issue a separate report later on our findings on the NOAA Corps.

In working with your designated representative on the request, it was agreed that answers to seven specific questions would provide the information you were seeking. In general, the questions addressed why the Corps exists; Corps officers' duties; the rationale for their receiving military-like pay, allowances, and benefits; and any savings that might result from not using uniformed personnel to carry out Corps functions. Our findings are summarized below, and detailed responses to each question are presented in appendix I.

In doing our work, we interviewed and obtained documentation from officials of the Department of Health and Human Services (HHS), PHS, the Commissioned Corps, the Department of Defense (DOD), and other federal organizations that could provide insights into the Corps' functions, responsibilities, and costs. Appendix II describes in detail the objective, scope, and methodology of our review.

Results in Brief

The PHS Corps was established in the late 1800s to provide medical care to sick and injured merchant seamen. Over the ensuing years, the Corps' responsibilities have grown, and Corps officers are involved in a wide range of PHS programs, such as providing medical care to Native Americans at tribal and Indian Health Service facilities, psychiatric, medical, and other services in federal prisons, and health sciences research.

The functions of the Corps are essentially civilian in nature. In fact, some civilian PHS employees carry out the same functions as Corps members, and new employees hired for these functions are allowed to decide whether they will serve in a civilian capacity or as members of the Corps.

Members of the Corps were authorized to assume military ranks and receive military-like compensation, including retirement eligibility (at any age) after 20 years of service, as the result of their temporary service with the armed forces during World Wars I and II. The Corps has not been incorporated into the armed forces since 1952, and DOD has no specific plans for how the Corps might be used in future emergency mobilizations. Corps officers continue to receive virtually the same pay and benefits as the military, including retirement.

Generally, the PHS Corps does not meet the criteria and principles cited in a DOD report as justification for the military compensation system. According to the DOD report, the chief purpose of the military compensation system is to support the military services' mission readiness and sustainability. Military members can be assigned at any time to any locations the services see fit, regardless of the members' personal preferences or risks. Accordingly, the military compensation system is based on the premise that individual aspirations and preferences are subordinated to the good of the service. Other than officers who are detailed to the Coast Guard and DOD, Corps members are not subject to the Uniform Code of Military Justice, which underlies how military personnel are managed.[1]

Corps officials provided us their rationale for continuing the Corps as a uniformed service. In large part, the officials maintained that uniformed Corps members are needed as mobile cadres of professionals who can be assigned with little notice to any location and function where their services are necessary, often in hazardous or harsh conditions. We found that although some Corps assignments are of this nature, federal civilian employees are often also assigned to duties similar to those of the Commissioned Corps. Some PHS civilian employees—physicians, nurses, pharmacists, and others—have responsibilities that are identical to those of PHS Corps officers. Other agencies, such as the Environmental Protection Agency, the National Transportation Safety Board, and the

[1]Under a 1902 statute, the president can incorporate the Corps into the military service in the event of war or national emergency. Since all military personnel are subject to the Uniform Code of Military Justice, Corps officers, after being incorporated into the military, would be subject to the Code. This situation has not occurred since 1952.

Federal Emergency Management Agency, use civilian employees to respond quickly to disasters and other emergency situations.

According to our estimates, it would cost the government less to employ civilian workers than PHS Corps members. As of March 1995, PHS employed 6,276 persons on active duty in its Commissioned Corps. On the basis of 1994 costs, we estimate that PHS' annual personnel costs could be as much as $130 million, or about 22 percent, a year lower if civilian employees were used for the functions carried out by Corps members, once a transition to civilian employment were completed.[2] The components of this $130 million cost reduction include special pays, allowances, bonuses, Corps officers' advantage from paying no taxes on their housing and subsistence allowances, and retirement.

Agency Comments

HHS provided written comments on a draft of this report. Its specific comments on our responses to the seven questions are discussed at the end of the appropriate sections in Appendix I along with our responses to the comments.

HHS maintained that continuation of the Corps is essential to effective operations of the government's health programs. The primary argument advanced by HHS for retaining the Corps was an assertion that officers eligible to retire would, in fact, retire if the Corps functions were civilianized, and as many as 25 percent of the officers not eligible to retire would elect to leave their jobs, thereby creating immediate and long-term problems in the recruitment and retention of qualified health professionals and in the development of professional leadership for the future. HHS said it was informed by the agencies to which Corps officers are assigned that loss of the Corps would have an extremely detrimental effect on their programs and that they believed it would be very difficult to replace Corps officers with similarly qualified civilian employees.

We did not survey Corps officers to assess their potential actions if the Corps were civilianized. More importantly, there are a number of ways in which a transition to civilian employment could be accomplished if the Corps were eliminated, and the time period over which the transition

[2]The actual net cost reduction would differ, depending on various factors, including the method by which any changes are implemented, the accuracy of the data PHS and DOD provided us, the applicability of 1994 costs to future years, and how closely our underlying assumptions match actual relationships between Corps and civilian personnel costs. Cost reduction would result in budgetary savings only if Congress reduced appropriations by the amount of the cost reduction and lowered the discretionary spending caps.

would occur would have to be determined. In its comments, HHS presumed that the transition would be immediate and that all Corps officers would be required to decide whether to become civilian employees or leave their jobs. While such an approach is possible, nothing in our report suggested that it was the appropriate arrangement. It is also important to note that our report does not assess whether the Corps should be eliminated and reaches no conclusions nor makes any recommendations in this regard. Rather, we were asked to answer seven questions related to the Corps' history, costs, and operations. If a decision were made to eliminate the Corps, it is apparent that many considerations would be involved, not the least of which would be the manner in which a transition to civilian employment would be carried out and over what time frame.

We believe it is informative to again note that each professional category (medical, dental, nursing, etc.) in the Corps had civilian employee counterparts, often with more civilian employees than Corps officers serving in the professional category. Nothing came to light during our review or in the HHS comments to suggest that the civilian employees were incapable of carrying out their job responsibilities.

HHS took issue with our estimates of the comparative costs of employing Corps officers and civilian employees included in the draft report. After analyzing the HHS comments, including consideration of certain circumstances that had changed since our work was completed, we adjusted the cost comparisons accordingly. However, HHS also maintained that one-time transition costs amounting to at least $575 million could be incurred to convert the Corps to civilian employment. We found this estimate to be questionable because it consisted mostly of costs that would be incurred regardless of whether the Corps were continued or terminated.

DOD also provided written comments on the draft report. DOD stated that the number of Corps officers currently assigned to DOD was somewhat greater than indicated in the report. We did not change the report because the assignment data in the report reflected officer assignments as of a specific date. DOD also suggested some wording changes for clarification, particularly with regard to PHS' role in DOD's emergency mobilization plans. In consultation with a DOD official, we revised the wording to accommodate DOD's suggestions.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of this letter. At that time, we will send copies to the Secretaries of HHS and DOD and other interested parties. We will also make copies available to others upon request.

If you have questions concerning this report, please telephone me at (202) 512-8676. Major contributors to this report are listed in appendix V.

L. Nye Stevens
Director, Federal Management
and Workforce Issues

Contents

Abbreviations

CDC	Centers for Disease Control and Prevention
DOD	Department of Defense
EPA	Environmental Protection Agency
FEGLI	Federal Employees' Group Life Insurance
FEHB	Federal Employees' Health Benefits Program
FEMA	Federal Emergency Management Agency
FERS	Federal Employees' Retirement System
HHS	Department of Health and Human Services
IHS	Indian Health Service
NIH	National Institutes of Health
NOAA	National Oceanographic and Atmospheric Administration
NTSB	National Transportation Safety Board
OASH	Office of the Assistant Secretary of Health
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PHS	Public Health Service
SGLI	Serviceman's Group Life Insurance
TSP	Thrift Savings Plan
UNICEF	United Nations Children's Fund

Information on the Public Health Service's Commissioned Corps

INFORMATION ON THE PUBLIC HEALTH SERVICE'S COMMISSIONED CORPS

1. When and why was the Public Health Service's Commissioned Corps established?

In 1798, Congress established the Marine Hospital Fund to maintain hospitals that would care for sick or disabled Navy and merchant seamen. The marine hospital system, the predecessor of the Public Health Service (PHS), consisted solely of civilian employees. In 1811, the Navy began its own hospital system, and the marine hospitals' responsibilities were limited to providing health care to merchant seamen.

Until the 1870s, the marine hospitals were locally administered with no central direction, and no merit requirements governed the selection of staff. To address this situation, in 1870, Congress established the Marine Hospital Service and created the position of Supervising Surgeon (later to be the Surgeon General) to oversee the newly created Marine Hospital Service. The new Supervising Surgeon required the Marine Hospital Service's physicians to wear uniforms. The stated objective of the uniform requirement was to professionalize health-care services. Two years later, the Department of the Treasury[3] issued regulations formally establishing the Commissioned Corps as a uniformed service. The literature suggests that the Commissioned Corps was created in the hope that the uniform requirement could deter patronage abuses in the Marine Hospital Service.

In 1878, in response to a yellow-fever epidemic, the Marine Hospital Service's scope was broadened to include quarantine authority. In 1889, Congress statutorily authorized the Commissioned Corps as part of the Marine Hospital Service. The Marine Hospital Service was renamed the Public Health and Marine Hospital Service in 1902, and in 1912, this organization became the Public Health Service. The Commissioned Corps continued its existence throughout these organizational changes.

The PHS Corps played a role during both world wars. During World War I, PHS Corps officers worked to combat disease in areas surrounding military camps in the United States. During World War II, some Corps medical, dental, engineering, and nursing personnel served with the U.S. Coast Guard in the North Atlantic, and other Corps officers were detailed to the military services.

Between the two world wars, PHS continued its prewar function of caring for sick and injured merchant seamen in its system of hospitals and clinics. PHS also expanded research that it had begun before World War I in areas such as venereal disease and mental hygiene, and its

[3]The Marine Hospital Fund, the Marine Hospital Service, and later the Public Health Service, were under the Treasury Department from 1798 until 1939.

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expanded research role was recognized by Congress in 1930 with a statute creating the National Institute of Health (later the National Institutes of Health). During the 1930s, PHS gained new responsibilities, including providing psychiatric, medical, and other services in federal prison hospitals and dispensaries. Other responsibilities included providing financial and technical assistance to state and local public health departments. PHS Corps officers were involved in these aspects of PHS' expanded role.

In 1981, the Omnibus Budget Reconciliation Act terminated the PHS Corps' original mission, which had broadened considerably over time. The automatic entitlement of merchant seamen to government-funded treatment was ended, and the PHS hospitals and clinics were closed.

Like other PHS employees, Corps officers are physicians, nurses, dentists, pharmacists, engineers, scientists, sanitarians, veterinarians, dietitians, and therapists. As of March 1995, PHS had 40,643 civilian General Schedule and Senior Executive Service employees and 6,276 Corps officers.

At the time of our review, the active duty Corps officers were carrying out functions in the various component agencies of PHS, as follows.

-- Indian Health Service (IHS) (2,401 officers). The officers' duties included providing medical care to Native Americans at tribal and IHS facilities.

-- Health Resources and Services Administration (997 officers, including 165 detailees who provided medical care to members of the Coast Guard; 429 detailees to the Bureau of Prisons, most of whom provided medical care to the inmates of federal correctional facilities; and 11 detailees who provided medical care to members of the Commissioned Corps at the National Oceanographic and Atmospheric Administration (NOAA)). Officers not detailed to other organizations served as project officers or grants administrators or provided technical support to clinical programs, such as those in public housing or for the homeless.

-- National Institutes of Health (NIH) (918 officers, including 2 detailees to the Uniformed Services University of the Health Sciences and 1 detailee to the United Nations Children's Fund (UNICEF)). The officers assigned to NIH carried out research in the health sciences or provided care to patients involved in NIH projects.

-- Centers for Disease Control and Prevention (CDC) (701 officers, including 9 detailees to the National Park Service; 6 detailees to the World Health Organization; 6 detailees to the U.S. Agency for International Development; 1 detailee to the Pan American Health Organization; 1 detailee to a congressional committee; and 3 detailees to private institutions, including The Johns Hopkins University, the

Rockefeller Institute, and the John Snow Institute. Officers in CDC carried out disease research, mostly in epidemiology.

-- Food and Drug Administration (519 officers). The officers appraised the efficacy and merits of proposed new drugs and medical devices.

-- Substance Abuse and Mental Health Services Administration (113 officers, including 71 detailees who provided medical care for patients at St. Elizabeth's Hospital). The other 42 officers were involved in mental health and substance abuse grant management.

-- Agency for Toxic Substances and Disease Registry (52 officers). The officers evaluated the health effects of toxic wastes in cooperation with community officials and local medical professionals.

-- Agency for Health Care Policy and Research (23 officers). The officers analyzed health-care policies and clinical treatment responses.

-- Office of the Assistant Secretary for Health (OASH)[4] (259 officers, including 2 detailees to the Department of Energy, 1 detailee to the Department of Defense (DOD), 38 detailees to the Immigration and Naturalization Service--where officers examined and provided health care to aliens seeking entry into the United States--and 1 detailee to the Peace Corps). OASH included the PHS regional offices, the National AIDS Program Office, the National Vaccine Program Office, the Office of the Surgeon General, the Office of Emergency Preparedness, and other health-related activities.

In addition, 13 officers were detailed to the Office of the Secretary of the Department of Health and Human Services (HHS), where they provided computer support for Corps and civilian HHS personnel systems. Further, 95 PHS Corps officers were detailed to the Health Care Financing Administration, where they served on medical peer review panels and conducted state nursing home evaluations, and 185 officers were detailed to the Environmental Protection Agency, where they carried out environmental research or regulatory functions.

AGENCY COMMENTS

HHS provided information to clarify the status of PHS in an October 1995 HHS reorganization. We incorporated the clarifying information. DOD noted that the number of Corps officers detailed to DOD had increased somewhat since we completed our work. So

[4]As the result of an October 1995 reorganization, OASH was eliminated. The Office of the Surgeon General was assigned to the newly created Office of Public Health and Science.

that the assignment information would consistently reflect all agency details as of the same date, we did not show the later DOD numbers.

2. When and why were members of the PHS Corps first covered by military-like pay, allowances, and benefits? What facts can be cited that are relevant to these justifications? In what ways is the Corps compensation program like, and unlike, the military compensation program?

Generally, the Corps compensation program is the same as the military compensation program.

Although the PHS Corps has been a uniformed service since the 1870s, it was not until World War I that Corps officers received military-like compensation. An executive order issued April 3, 1917, made PHS a part of the military forces during wartime. Several months later, Congress enacted legislation giving those PHS officers who were detailed to the Army or Navy or serving on Coast Guard vessels in wartime the same rights to pensions as those provided to Army, Navy, and Coast Guard officers. Officers not detailed to the military were not affected by this legislation.

The Joint Service Pay Act of 1920 extended the military pay system to the PHS Corps and explicitly set out the Corps rankings and their equivalent ranks in the Army and Navy. The debate on this act included the statement of one senator that the PHS Corps officers were placed in the same category as Army and Navy officers "[b]ecause the Army, the Navy, the Marine Corps, . . . and the Public Health Service are all regarded as a part of the Army or Navy . . . ." At the time the act was considered, this statement was true because the wartime mobilization of the PHS Corps was still in effect. (Although the actual combat in World War I ended with the Armistice of November 1918, the United States remained legally at war until Congress terminated the state of war by joint resolution in 1921.)

The PHS Corps was again integrated with the military services during World War II.[5] In 1944, Congress extended all military "rights, privileges, immunities, and benefits" to PHS Corps officers who were detailed to duty with the Army, Navy, or Coast Guard. In 1956, PHS Corps officers became eligible for certain veterans' and survivor benefits. In 1960, legislation made all Corps officers eligible for retirement after 20 years' service.

[5]The PHS Corps remained a part of the military services by executive order until July 3, 1952, when the order expired. The Corps has not been integrated with the military since that date.

AGENCY COMMENTS

Neither HHS nor DOD had any comments on our response to question 2.

3. What reasons does the Corps now give in support of the need for uniformed services personnel to carry out its functions? What facts can be cited that are relevant to these arguments?

The Corps provided us its rationale for continuing to be a uniformed service. Generally, officials cited (1) the need for officers to be mobile, like the military, and to respond quickly in emergency situations and (2) the fact that Corps officers can be called on to serve in arduous conditions and remote locations. The officials said the Corps' pay and benefits enabled them to attract the best professional medical talent.

Information we developed suggests that uniformed personnel are not necessary to carry out the Corps' functions. For example, civilian employees of the Federal Emergency Management Agency (FEMA) and the National Transportation Safety Board (NTSB) must quickly respond to emergency situations and also must work under arduous conditions at remote locations. Officials of these two agencies said agency employees serve under these conditions on a routine basis. Also, officials at NIH, the Agency for Health Care Policy and Research, and the Health Care Financing Administration said all positions in their agencies could be filled by civilians. These 3 agencies have about 1,000 PHS Corps officers assigned to them.

Several officials from IHS said it continues to be very difficult to get civilian medical personnel to serve in IHS medical facilities in remote sections of sparsely populated states, such as South Dakota. In an earlier report,[6] we noted that some geographic areas were experiencing shortages of IHS medical personnel in general. As we reported, the lack of available full-time physicians, whether Corps officers or civilian employees, had forced IHS medical facilities in North and South Dakota to use physicians from temporary-hire agencies.

On entering PHS, qualified new recruits were permitted to choose between a career in the Corps or to do the same jobs in a civilian capacity. PHS officials said some recent PHS recruits, especially physicians, had elected to work as civilian employees because entry-level civilian salaries were higher than the pay and allowances Corps officers receive in some professions.

We asked PHS Corps officials to provide their views on why the Commissioned Corps needs to exist. Table I.1 gives their stated rationales and our observations on those rationales.

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[6]Indian Health Service: Efforts to Recruit Health Care Professionals (GAO/HEHS-94-180FS, July 1994).

Table I.1: PHS' Reasons for Maintaining the Corps and Our Observations

PHS' reasons for maintaining the Corps	Our observations
To attract the best professional talent into public service medical work through competition for available slots.	Tools such as recruiting bonuses and special pay are available to PHS to attract civilian medical talent. Qualified new entrants are given their choice of becoming PHS Corps officers or civilian employees.
To have a cadre of officers who can be assigned to serve in any position, consistent with their training, without regard to rank or officer preferences.	PHS officers can refuse assignments and leave the Corps without being court-martialed; many assignments are filled by officers who applied for them.
Corps officers are mobile and can be moved from assignment to assignment anywhere in PHS to meet critical needs.	According to a PHS official, Corps officers in most PHS agencies do not relocate regularly, and civilians are not necessarily harder to reassign than Corps officers. In fact, many officers stay at one geographic location throughout most or all of their careers.
Corps officers can be sent into emergency situations on short notice.	Many civilian federal employees are also subject to emergency call-up. NTSB and FEMA both order their employees to respond to emergency situations on short notice. Further, only 1 of the 61 disaster medical assistance teams run by PHS consisted solely of active duty Corps officers.
Corps officers are available for emergency mobilization into the armed forces in wartime. In such mobilization, they can replace military doctors needed for combat zones.	No such call-up has taken place since 1952, and the Assistant Secretary for Health opposed consideration of such a call-up during Desert Storm. An agreement exists between DOD and HHS that Corps officers can be called upon to augment DOD health-care activities in the continental United States and, on a limited basis, other activities, during a national emergency. However, according to a DOD official in charge of health services operations and readiness, no specific plans for PHS' participation have been developed, and the need for augmentation has been greatly reduced as the result of DOD's downsizing.
Corps officers provide services on detail to other agencies (Bureau of Prisons; EPA; Coast Guard; UNICEF; World Health Organization; Pan Am Health Organization; and the Departments of State, Energy, and Defense).	PHS has over 19,000 civilian employees in the same occupational specialties as the Corps officers. Employees in these occupations could be--and have been--detailed to these organizations.
The Corps proactively and consciously develops a multidisciplinary public health workforce that can be counted on to provide the necessary skilled and experienced leadership and infrastructure to manage, develop, and evaluate public health programs and policies into the future.	Civilians provide a significant leadership role in PHS agencies. Further, Corps officers' assignments and job responsibilities are determined by the agencies in which they serve, not by the Corps.

HHS COMMENTS

HHS stressed its view that the Corps was essential to accomplishing the missions of the agencies to which officers are assigned. According to HHS, officials of each of these agencies had indicated that the loss of Corps officers would have an extremely detrimental effect on their health-care delivery programs. HHS also said such elimination of the Corps could negate the gains that have been experienced in the employment of women and minority officers.

The premise behind HHS' comments and the statements of the agency officials was the presumption that, if the Corps were eliminated, the conversion to civilian employment would be immediate and that no transition period would be allowed. Using this premise, HHS stated in its detailed comments on the report that all retirement-eligible officers would retire immediately and 25 percent of all other officers would leave federal service rather than continuing in their positions as civilian employees.

The scope of our review did not include a survey of Corps officers to assess their potential actions if the Corps were civilianized. HHS told us its estimates of officer departures were based on informal surveys and discussions with dozens of officers. We agree that the sudden departure of Corps officers in the numbers assumed by HHS could have severe consequences on health-care delivery programs. However, nothing in our draft report suggested that complete civilianization of the Corps should necessarily be accomplished immediately or that it should be done in a manner that would compel Corps officers to leave federal employment. In fact, the report reaches no conclusions and makes no recommendations as to whether the Corps should be discontinued. However, it does note that many considerations would be involved in a decision on whether the Corps should be continued, particularly regarding the manner in which a conversion to civilian employment would be carried out and over what time frame.

HHS also stated that many agencies find it is more effective, efficient, and economical to have Corps officers detailed to them than to recruit health professionals from the private sector.

This comment is undoubtedly factual from the agencies' viewpoint. The processes involved in recruiting and hiring civilian employees can be time consuming and costly. However, this argument does not consider the fact that PHS incurs similar costs to recruit and hire Corps officers. Thus, regardless of whether PHS or the agencies do the actual recruiting and hiring of health professionals, the associated costs are borne by the government. Moreover, agencies to which Corps officers are detailed do not pay the costs of the officers' retirement benefits. We were told by a Coast Guard official that a major reason the Coast Guard continues to use Corps officers instead of employing its own medical staff is that the Coast Guard does not have to pay retirement costs. The official said the Coast Guard might review its practice of using Corps officers if it had to pay all compensation costs.

According to HHS, the loss of Corps officers could create immediate and long-term problems in the recruitment and retention of qualified health-care professionals and the development of professional leadership for the future. This position appears to be based primarily on HHS'

presumption that the Corps would be abolished immediately, causing large numbers of officers to leave federal service. It also does not take into account the fact that significant numbers of civilian personnel are already employed in the same professional categories as Corps officers. As the following average employment statistics for 1994 show, civilian employees outnumbered Corps officers in many of the occupations at issue.

Table I.2: Corps and Civilian Average Employment Statistics, 1994

Occupation	Number of Corps officers	Number of civilian employees
Medical	1,691	1,197
Dental	714	19
Nurse	1,006	3,060
Engineer	571	497
Scientist	284	11,566
Sanitarian	357	306
Veterinary	104	80
Pharmacist	733	86
Dietitian	86	111
Therapist	99	43
Health Service Officer	786	1,253
Total	6,431	18,218

Source: PHS data.

Finally, HHS said it is more advantageous to employ Corps officers than civilians because officers can be detailed easily to non-HHS agencies to meet special requirements for health personnel and, through these details, the officers gain expertise that is unmatched by any other group of health professionals in the government.

We were told by a senior HHS official that it is no more difficult to reassign civilian PHS employees than it is to reassign Corps officers. Our work also showed that a substantial number of Corps officers do not rotate among assignments.

DOD COMMENTS

In its comments, DOD suggested that some clarification was needed in our characterization of the Corps' potential role in wartime mobilization. In consultation with a DOD official, we revised the wording.

4. What are the DOD-stated principles of uniformed services' compensation? In what way do the Corps functions conform to, or not conform to, these principles?

According to a DOD report,[7] the sole purpose of the military is the continued safety of the nation, and the chief purpose of the compensation system for the military services is to ensure the services' mission readiness and sustainability. As in civilian employment, individual aspirations are often achieved through a military career, but it is expected that personal preferences will be subordinated to the good of the service. It is a way of life that is different from civilian life, according to the DOD report.

Generally, the PHS Corps does not meet the criteria stated in the DOD report for eligibility to receive military compensation. The Corps is not an armed service. Also, unlike the armed services, whose personnel are subject to the Uniform Code of Military Justice, PHS cannot press criminal charges or pass sentence against an officer who disobeys orders. Corps officers can quit the Corps without legal sanctions. Corps officers also are not required to face the hazards of field duty or maneuvers for training purposes, as military service members are required to do. Also, Corps officers usually are not transferred involuntarily and, as a practice, are not involuntarily separated from their families. PHS officers also can select their assignments by responding to job announcements.

The PHS Corps receives many of the same types of pay, allowances, and benefits that are paid to military personnel. DOD has articulated the following three major components of military compensation.

1. Regular Military Compensation. This component includes (a) basic pay, (b) housing allowances or housing, (c) subsistence allowance or actual subsistence, and (d) the associated tax advantages that occur because the housing and subsistence allowances are exempt from federal taxation.

2. Special and Incentive Pays. These include board-certified pay, retention special pay, and incentive pay for certain members based on their specialties.

3. Retirement and other supplemental benefits.

The Fifth Quadrennial Review of Military Compensation said the distinction between uniformed (military) and civilian service was that the uniformed service is subject to a

[7]The Fifth Quadrennial Review of Military Compensation, Department of Defense, January 1984. This publication included a detailed discussion of the criteria for the military compensation system.

"relatively complete, one-way control over the workforce, without internal debate and with the freedom to use it in any way judged necessary to serve the national interest."

The Review provided the following criteria as justification for the military compensation system. Following the criteria are PHS Corps officials' comments on how service in the Corps relates to the criteria.

1. The national leader (the president) must be able to

    a. legally require the force to fight anywhere in the world, and have authority to punish those who disobey orders to do so;

PHS Corps Officials: The PHS Corps is not an armed service, although it is a uniformed one. PHS officers are not required to enter armed combat, although they do fight disease. Further, officers are asked at times to serve in distant locations such as New Delhi, India; Djakarta, Indonesia; or the island of Truk.

    b. use the force when and as long as it is believed appropriate without undue regard to the personal preferences of individual military members, and at whatever tasks deemed necessary without rigid conformance to the occupational specialties of the individuals used;

PHS Corps Officials: Unlike military personnel, PHS officers do not sign up for a "tour" or enlistment period. Once an officer has passed a probation period, that officer can expect to serve 20 to 30 years, barring a large-scale reduction in strength. Corps officers can be and are assigned to slots not strictly in their occupational categories.

    c. individually "fire" members, despite fully satisfactory performance, in mid-career for any momentary convenience to the government, while not allowing others to leave, even though they may desire to;

PHS Corps Officials: Other than a separation for marginal or substandard performance (which is preceded by a series of prescribed steps) the only grounds for involuntary separation would be if there were no longer a billet for the officer (that is, his or her position would have been abolished) and a slot could not be found for the officer anywhere else in PHS.

    d. force individual members to retire and retain the right to recall them to active duty when the need arises;

PHS Corps Officials: Annually, all PHS agencies receive a list of Corps officers eligible for retirement, along with an inquiry regarding whether the agency has any officers

it wishes to suggest for involuntary retirement. An agency may suggest candidates for involuntary retirement based on declining performance or on the lack of a position. During March 1995, there were about eight Corps officers who faced possible retirement because no positions were available for them. In most cases, an officer facing involuntary retirement will opt to voluntarily retire instead.

Retirees continue to hold commissions and can be called back to active service. Recall has occurred rarely because temporary needs usually are filled by members of the Corps' inactive reserve.

e. hold members in an idle status for indefinite and protracted periods and then cast them into whatever operational role is required.

PHS Corps Officials: The PHS Corps does not have an "idle" status. Officers are either carrying out specific assignments or on leave. However, officers can be--and have been--recalled from leave.

2. Service members have no control over

a. whether, when, or how long they will be exposed to the risks of combat;

PHS Corps Officials: Corps officers do not go into combat. They can be considered to be "in harm's way" in some foreign assignments--for example, nurses in Kuwait after Desert Storm, engineers looking into the supply of water for the Kurdish camps, or nurses and dietitians in Rwanda.

b. whether, when, or how often they will have to relocate themselves and their families;

PHS Corps Officials: Corps officers have some control over their relocation. Many positions in PHS are filled by taking applications and interviewing applicants. In some situations, both Corps officers and civilians may be interviewed. The selecting officials choose from among those who are interested in the job, rather than bringing in someone who is not.

In 1981, under the Omnibus Budget Reconciliation Act, PHS hospitals and clinics were closed. Some Corps officers were involuntarily separated, and others were given new assignments and told to report to them within 72 hours or separate. However, this type of mass involuntary reassignment is the exception rather than the rule.

c. when, how often, and how long they will have to work overtime and on weekends and holidays;

PHS Corps Officials: Corps officers, like many of their civilian counterparts, may work longer than an 8-hour day. On those occasions when extra work is required, Corps officers do not earn overtime pay or compensatory time, as can PHS civilians. Officers are considered to be on duty 24 hours a day, 7 days a week and must work whatever schedule their supervisors set to keep the functions operating.

d. when, how often, and how long they will have to work at a location separated from home and family;

PHS Corps Officials: When Corps officers are separated from their families, it is usually because the families chose not to accompany the officer or the officer chose not to bring them to the location. The only situation in which an officer cannot bring his or her family is when the officer is detailed to the Coast Guard or NOAA and is serving an "unaccompanied tour" aboard a ship. These details are usually filled by advertising the position and interviewing applicants--with the Coast Guard or NOAA, whichever organization has the advertised position, doing the interviews. Therefore, officers on these details have volunteered for these positions and know what they are getting into. (It should be noted that most Corps officers detailed to the Coast Guard do not serve aboard ships.)

e. when, how often, and how long they will be exposed to the conditions and hazards of field duty for training.

PHS Corps Officials: PHS does not have "field duty" in the sense of maneuvers as the armed services do. One of the 61 PHS Disaster Medical Assistance Teams is composed of Corps officers, and this team accompanies an Army unit on maneuvers every year.

3. Uniformed service requires the forfeiture of the individual's right to resign immediately if the situation is not satisfactory.

PHS Corps Officials: Corps officers can resign at any time, except if the Corps is incorporated into the Armed Forces by order of the president in a wartime situation. However, the officers must repay any government-incurred training costs that they have not worked off through service. PHS can sue for recovery of such costs. Otherwise, the Corps has no statutory authority to hold anyone who wants to leave.

4. Service members can also lose their jobs through failure to progress--known as "up-or-out."

PHS Corps Officials: The PHS Corps does not have statutory "up-or-out" authority--its officers cannot be forced to leave the Corps for failure to be promoted.[8] Officers are encouraged to take control of their own professional development. If they do not develop as the Corps desires and are not promoted, they can be given career counseling, which may refocus their goals or may lead to advice that their goals might be better achieved outside the Corps. However, some officers enter the Corps on a "program-limited tour," which is for a preset time, usually in increments of 1, 2, 3, or 4 years, depending on the needs of PHS. Such an officer automatically leaves the Corps at the end of the tour, unless PHS extends the tour. In August 1995, 214 officers were serving program-limited tours.

5. Uniformed service is a truncated career because of the need to maintain a young, vigorous, and mission-ready workforce.

PHS Corps Officials: Like the military retirement system, the Corps retirement system permits officers to retire at any age after completing 20 years of service. Corps officers must retire after 30 years of service unless they get permission from the Corps to continue. Such requests are tightly monitored. (Our comment: From calendar year 1991 through the first half of calendar year 1995, 92, or about 35 percent, of the 265 PHS Corps officers' requests to extend their service beyond 30 years were approved.)

6. A career in the uniformed services involves no choice in the selection of job, supervisor, or subordinates.

PHS Corps Officials: PHS Corps officers can select their assignments by applying for announced jobs. Except by deciding not to apply for a certain position, an officer cannot choose a supervisor. A supervisor can choose subordinates by selecting candidates to fill vacancies.

AGENCY COMMENTS

HHS stated that the DOD criteria we used to assess the appropriateness of providing a military-like compensation system to Corps officers were actually the criteria applicable to military combat personnel. HHS noted that the Corps did not have a combat mission and maintained that it would be more appropriate to compare the Corps with military health-care professionals, whose work and responsibilities were comparable to those of the Corps.

[8]In its response to a draft of this report, HHS said Corps officers can be dismissed for failure to be recommended for promotion after being eligible for promotion twice at a given grade level.

The DOD criteria used to justify the military compensation system, including retirement eligibility at any age after 20 years of service, apply to all military personnel, not combat personnel alone. Like any other members of the military, health-care personnel are subject to the Uniform Code of Military Justice, involuntary transfers or separations from service, inability to disobey orders or quit their jobs without legal sanctions, lack of control over their exposure to the risks of combat, and other conditions of employment that DOD cites in explaining why military members are managed and compensated in a manner different from other federal personnel or, indeed, unlike persons employed in the nonfederal sector.

We agree with HHS that Corps officers and military health-care professionals often do the same type of work. However, it is also the case that most Corps officers do much the same type of work as civilian health-care professionals in PHS. These civilian professionals, like Corps officers (other than the officers who are detailed to the Coast Guard and DOD), are not subject to military command or the Uniform Code of Military Justice. The civilians do not receive military-like compensation.

According to HHS, the Corps has provided personnel to serve in every major conflict involving American forces during this century, thereby demonstrating the Corps' ability to carry out military missions when needed.

It is true that Corps officers carried out some military functions in World Wars I and II. Because of that participation, they were covered by a military-like compensation system. However, according to information provided by the Corps Historian, Corps officers did not serve in combat areas during the Korean Conflict, and PHS' participation in Vietnam consisted of a small number of Corps officers and civilian employees working in civilian hospitals or participating in plague and malaria control efforts. As HHS acknowledged in its detailed comments on our draft report, the Corps' association with the Gulf War was limited, consisting of nursing care in a children's hospital in Kuwait, assessment of air pollution from burning oil wells, and efforts to improve the water supply on the Kurdish border with Iraq.

DOD had no comments on our response to question 4.

5. Would there be cost savings if the PHS Corps did not use uniformed services personnel to carry out its functions?

On the basis of PHS data, we estimated that, in 1994, personnel costs would have been approximately $130 million, or about 22 percent, lower if civilian employees, rather than commissioned officers, had carried out the Corps' functions.[9]

[9]The actual net cost reduction would differ, depending on various factors, including the method by which changes are implemented, the accuracy of the data PHS and DOD provided us, the applicability of 1994 costs to future years, and how closely our underlying assumptions match actual relationships between Corps and civilian personnel costs. Cost reduction would result in budgetary savings only if Congress reduced appropriations by the amount of the cost reduction and lowered the discretionary spending caps.

COMPARISON OF CORPS AND CIVILIAN PERSONNEL COSTS

In comparing the compensation costs of Corps officers and federal civilian employees, we asked PHS to determine the General Schedule salary grades that would be assigned to each member of the Corps if the positions were converted to civilian employment. We accepted the PHS determinations without independent evaluation or verification. Table I.3 shows the Corps' grade/civilian grade equivalents determined by PHS.

Table I.3: PHS Corps' Grade and Civilian Salary Grade Equivalents

Officer grade	Civilian grade	PHS Corps position
0-1	GS-5/6	Ensign, Junior Assistant
0-2	GS-7	Lieutenant (junior grade), Assistant
0-3	GS-9/11	Lieutenant, Senior Assistant
0-4	GS-12	Lieutenant Commander, Full Grade
0-5	GS-13	Commander, Senior Grade
0-6	GS-14/15	Captain, Director Grade
0-7	SES[a]	Rear Admiral (lower half), Assistant Surgeon General
0-8	SES	Rear Admiral, Assistant Surgeon General, Deputy Surgeon General
0-9	SES	Vice Admiral, Surgeon General

[a]Senior Executive Service member.
Source: PHS.

Comparative Pay and Allowances

PHS Corps officers are compensated under a pay-and-allowances system. Each officer receives a basic pay amount, determined by his or her grade and length of service, along with housing and subsistence allowances that vary by grade and number of dependents. Corps officers' basic pay and allowances amounts are determined under the same schedules as apply to the military services. Corps officers may also receive retention bonuses and special and incentive pays, depending on the positions they hold.

Table I.4 itemizes the pay, allowances, and bonuses paid to PHS Corps officers in grades 0-1 through 0-9 during calendar year 1994. Of the $451.7 million total, basic pay constituted $296.6 million, or 65.7 percent. Special pays and bonuses amounted to $74.6 million, or 16.5 percent, and housing, subsistence, and variable housing allowances together comprised the remaining $80.5 million, or 17.8 percent.

Table I.4: Pay, Allowances, and Bonus Costs Incurred for the PHS Corps, Calendar Year 1994

Category	Description	Total cost in 1994
Basic pay		$296,611,000
Variable special pay	Special pay to physicians and dentists	16,842,518
Category special pay	Special pay to veterinarians, optometrists, nurses, scientists, and engineers	494,413
Board-certified pay	Additional pay to medical officers and dentists for board certification	5,446,131
Additional special pay	Additional pay to dentists for 1-year retention	3,955,978
Incentive special pay	Incentive pay for certain physicians based on specialty	17,237,000
Multiyear retention bonus	Special retention bonus for medical officers	9,503,500
Retention special pay	Annual payment for physicians committing to remain on active duty for a fixed period	21,113,418
Basic subsistence allowance	Allowance for subsistence (food) costs	11,048,795
Basic housing allowance	Allowance for housing	52,569,773
Variable housing allowance	Allowance based on the cost of renting or purchasing a home at the officer's duty station	16,899,812
Total		$451,722,338

Source: PHS data.

Civilian employees at PHS are compensated under an entirely different system. Most receive annual salaries that are based on the General Schedule. Unlike Corps members, civilian employees do not receive housing and subsistence allowances or incentive pays. However, they can be eligible to be paid for any overtime they work, as well as for premium payments for working at night and on Sundays and holidays. (Corps members do not receive extra compensation for any overtime they may have to work or for working at night, on Sundays, or on holidays.) Like certain Corps officers, PHS civilians are eligible for retention bonuses, and civilian PHS physicians also receive the Physicians' Comparability Allowance, which is an additional amount paid to attract physicians to federal service.

We requested from PHS payroll data showing actual expenditures during calendar year 1994 for salaries and other payments to the civilian employees PHS had identified as having jobs comparable to PHS Corps officers. We averaged these amounts to get a "per person" cost at each salary grade and applied these averages to the comparable Corps positions to estimate the cost equivalent for a hypothetical civilianized Corps. As table I.5 shows, we estimate that Corps officers would have received total salary and other payments of about $375 million, as opposed to the over $451 million they actually received, if they had been paid as civilian employees during calendar year 1994.

Table I.5: Estimated Salaries, Allowances, and Bonuses That an Equivalent PHS Federal Civilian Workforce Would Have Received, Calendar Year 1994

Category	Estimated cost in 1994
Salary	$352,927,139
Overtime	2,496,783
Night pay	637,672
Sunday pay	555,397
Holiday pay	815,875
Post differential[a]	18,823
Cost-of-living allowance[b]	989,919
Uniform allowance[c]	86,902
Physicians' Comparability Allowance[d]	16,223,262
Retention bonus[e]	255,770
Total	$375,007,542

[a]Post differential is a percentage of salary that is based on the conditions of an environment that differ substantially from conditions in the continental United States, or an amount paid to an employee officially stationed in the United States who is on extended detail outside of the United States.

[b]A cost-of-living allowance is authorized in locations outside of the continental United States when living costs are substantially higher than in the District of Columbia.

[c]A uniform allowance is authorized for employees who are required by regulation or status to wear a prescribed uniform in the performance of official duties. (Corps officers also wear uniforms, but they do not receive recurring uniform allowances. They receive one-time allowances to purchase uniforms when entering the Corps.)

[d]A Physicians' Comparability Allowance is an allowance that civilian physicians receive to bring their pay closer to private physicians' incomes.

[e]A retention bonus of up to 25 percent of salary may be approved for an employee--who is otherwise likely to leave--to retain his or her services.

Source: GAO analysis of PHS data.

Because PHS Corps officers do not receive extra pay when they work outside the regular 40-hour work week, the above estimated costs of using civilian employees to carry out the Corps' functions could be understated. A Commissioned Corps official said there is no requirement that Corps officers record their time usage; thus, the extent to which individual officers may work overtime or on Sundays and holidays is unknown. Our estimates of the costs of civilianizing the Corps include the actual overtime and other premium pay amounts received by PHS civilian employees in jobs comparable to those in the Corps. If Corps officers actually work more such duty hours than civilians, the added costs that would be incurred are not reflected in our estimates.

Federal Income Tax Advantage

As is true for members of the military, PHS Corps officers pay no federal income taxes on their housing and subsistence allowances.[10] As DOD explained, the "cost" to the government arising from this tax advantage comes in the form of a loss to the U.S. Treasury of the federal income taxes that would otherwise have been paid if the allowances were taxable, rather than as payments to individuals.[11] Federal civilian employees receive no such tax advantages; they must pay their living expenses from their fully taxable salaries.

[10]As previously discussed, a major component of military and Corps compensation is termed "Regular Military Compensation." This component includes basic pay, nontaxable housing and subsistence allowances, and the tax advantage accorded to members through the nontaxable allowances.

[11]As actually calculated by DOD, the tax advantage is the amount of additional income military (or Corps) personnel would need to retain their take-home pay if their allowances were taxable.

A DOD publication[12] pointed out that the actual federal tax benefit an individual member realizes is governed by many considerations. These considerations include (1) the aggregate amount of a member's (and his or her spouse's) income, both earned and unearned; (2) the amount of the member's housing and subsistence allowances; (3) the member's marital status and number of dependents; (4) whether the member takes the standard deduction or itemizes deductions for federal income tax purposes; and (5) whether the member is entitled to other types of tax exclusions. The publication further noted that members do not actually receive the tax advantage in cash or in kind. Accordingly, it is not a cost item in DOD's budget, nor is it in PHS' budget.

DOD developed a series of numerical estimates of the tax advantages to members using certain assumptions related to the above factors. Since PHS Corps officers receive the same base pay and housing and subsistence allowances as military officers at the same ranks, we used DOD's tax advantage estimates to estimate the tax advantage afforded to Corps members. In 1994, the estimated tax advantage for Corps officers amounted to $27,516,188.

Comparative Retirement Costs

The retirement system for PHS Corps officers provides the same benefits as the system covering military personnel. They participate in the Social Security program, to which the officers and the Corps make equal contributions of 6.2 percent of base pay,[13] and they are also covered by a pension plan for which the government pays all costs. According to a PHS actuarial report, the annual accruing cost of the pension plan, calculated as of September 30, 1994, was 30.1 percent of base pay.[14]

Most federal civilian employees hired after 1983 are covered under the Federal Employees' Retirement System (FERS). Using Social Security benefits as a base, FERS provides a pension plan and a thrift savings plan (TSP). FERS-covered employees currently contribute 0.8 percent of their salaries toward FERS pension plan costs. Their employing agencies contribute 11.4 percent of salary to the pension plan.[15] The employing agency contributes 1 percent of each employee's salary into his or her TSP account. The agency also matches, dollar-for-dollar, an employee's contributions to TSP up to 3 percent of salary and 50 percent

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[12]Military Compensation Background Papers: Compensation Elements and Related Manpower Cost Items, Office of the Secretary of Defense, Department of Defense, November 1991.

[13]In 1994, Social Security contributions were required on base pay amounts up to $60,600.

[14]The annual accruing cost of a pension plan is referred to as the "normal cost." It is expressed as a percentage of payroll and represents the amount of money that should be set aside during employees' working years that, with investment earnings, will be sufficient to cover future benefit payments. It applies to future retirement benefits being earned by current employees, not payments to current retirees.

[15]According to the Office of Personnel Management (OPM), the normal cost of the FERS pension plan is 12.2 percent of covered payroll.

of the employee contribution of the next 2 percent of salary.[16] Using the FERS Social Security, pension plan, and TSP cost factors, we calculated what the costs would have been in 1994 if PHS Corps officers were covered by FERS and compared these costs with the costs of the PHS retirement system. Table I.6 shows the results of this comparison.

Table I.6: Estimated Comparative Costs to the Government of FERS and the PHS Corps' Retirement System, Calendar Year 1994

Retirement system	Total salaries/Basic pay	Aggregate retirement cost factor	Total retirement costs
Civilians (FERS)	$352,927,139	21.3%[a]	$75,173,481
PHS Corps	296,611,000	36.1%[b]	107,076,571
Cost difference			$31,903,090

[a]Includes 11.4 percent FERS pension, 6.0 percent Social Security, and 3.9 percent TSP costs to the government. The actual Social Security contribution requirement in 1994 was 6.2 percent of pay up to $60,600. Because a number of individuals had pay rates higher than $60,600, OPM suggested that a 6.0 percent factor be used to estimate Social Security costs.

[b]Includes 30.1 percent PHS Corps pension and 6.0 percent Social Security costs to the government.

Source: GAO analysis of PHS, OPM, and TSP data.

Health Care and Life Insurance

PHS Corps officers do not participate in the Federal Employees Health Benefits (FEHB) program. Instead, Corps officers and their dependents receive free health care directly from PHS medical personnel or at DOD-operated facilities where available, and otherwise from contract health-care providers. The providers directly bill PHS for the care the officers and dependents receive. In contrast, FEHB is a health insurance program. A number of insurance plans are available to employees under FEHB, with various premium amounts depending upon individual plan provisions. The government pays as much as 75 percent of the premium in some plans, and employees pay the remainder. Seldom, if ever, does an FEHB plan pay all of an employee's health-care costs.

Corps officers and civilian employees are also covered by the Medicare program. They and PHS each contribute 1.45 percent of their basic pay/salaries toward Medicare costs.

[16]According to information provided by the Federal Retirement Thrift Investment Board, on average, agency contributions to TSP amounted to 3.9 percent of the FERS payroll in fiscal year 1994.

We compared the costs to PHS for active duty officers' health care during 1994 with the premium amounts PHS would have paid if the Corps officers had participated in FEHB.[17] As table I.7 shows, it would have been somewhat more costly to PHS if the Corps officers had participated in FEHB, rather than receiving free health care paid by PHS. Moreover, Medicare costs for civilian employees would be greater because of their higher salaries.

Table I.7: Estimated Comparative Costs to the Government of Health Care for PHS Corps Officers and Civilian Equivalents, Calendar Year 1994

Category	PHS Corps officers	Civilian employees	Difference
Health care/FEHB	$13,645,548	$18,256,103	$4,610,555
Medicare	4,326,963	5,117,444	790,481
Total	$17,972,511	$23,373,547	$5,401,036

Sources: GAO analysis of PHS and OPM data.

Civilian employees and Corps officers also receive group life insurance coverage unless the employee or officer waives coverage. Civilians are covered by the Federal Employees' Group Life Insurance (FEGLI) program, while Corps officers can receive Serviceman's Group Life Insurance (SGLI). While the government pays one-third of the premiums for employees covered by FEGLI, Corps officers covered by SGLI pay the full cost of such coverage. We estimate that if the PHS Commissioned Corps were covered by FEGLI, the cost to the government in 1994 would have been $480,321.

Other Benefits and Privileges

PHS Corps officers as well as federal civilian employees are afforded other benefits and privileges that are neither easily quantifiable nor readily susceptible to comparison. For example, Corps officers and retirees are eligible to purchase goods and services at military base commissaries and exchanges at prices generally lower than those charged by commercial establishments. This benefit is usable only if such facilities are located within a reasonable commute of an officer's home or duty station.

Corps officers also have access to military service clubs and other DOD-sponsored recreational facilities. Again, however, this is a usable benefit only when such amenities are nearby. Further, Corps officers can obtain free travel on government aircraft on a "space available" basis, but a Corps official said records are not kept of the actual availability of such flights, the frequency of usage by Corps members, or the value of this benefit. Corps officers can also qualify for a variety of veterans' benefits by virtue of their Corps service.

[17]We derived our estimates using OPM data for average FEHB program "self" and "family" premiums paid during 1994.

However, a Corps official said the extent to which Corps officers actually use such benefits as VA-sponsored tuition assistance or VA-guaranteed home mortgage loans is unknown.

Further, Corps officers, like military personnel, have the option of declaring a state of residence regardless of where they are actually stationed or the length of time they spent in that state. This can be of significant value to officers who select states with no personal income taxes as their states of residence. In contrast, civilian employees are subject to all taxes imposed by the states in which they actually reside.

Federal civilian employees can also receive benefits and privileges that are intangible or difficult to quantify in terms of direct costs to the government. For example, federal employees may have access to occupational health-clinic services at work without cost to themselves. There also may be such amenities as employer-provided or subsidized health-club memberships or exercising facilities.

While these benefits and privileges can be of considerable value to Corps officers and civilian employees, we did not attempt to estimate their comparative values or costs.

POTENTIAL REDUCED PERSONNEL COSTS AVAILABLE BY CIVILIANIZING THE PHS CORPS

Our analysis shows that, when all of the components of personnel costs discussed in this section are considered, PHS personnel costs could be reduced by civilianizing the PHS Corps. The extent to which actual net costs would be reduced would differ, depending on various factors, including the method by which any changes are implemented, the accuracy of the data PHS and DOD provided us, the applicability of 1994 costs to future years, and how closely our underlying assumptions match actual relationships between Corps and civilian personnel costs.

The amount of any cost reductions would also depend, in large part, on the manner in which any transition to civilian employment would be carried out, including the period of time over which the transition would occur. Any decision to replace Corps officers with civilian employees could be implemented in a number of ways. The possibilities range from requiring all officers to immediately convert to civilian employment to longer-range measures such as allowing all current officers to remain in place until retirement or other separation and requiring all new entrants to be civilian employees. Or, perhaps all officers with a specific number of years in the Corps could be allowed to continue in the Corps until retirement or other separation. It may even be found to be appropriate to retain a permanent smaller Corps to provide medical services in areas that are difficult to staff with civilian employees.

The amount of transition costs would also depend on how considerations such as the following are resolved.

(1) What retirement benefits or credits are given to officers for the time they spent in the Corps before converting to civilian employment and the civilian employee retirement system.

(2) What resources would be required to recruit, train, and retain civilian employees that might be needed to replace Corps officers who opt to leave federal service.

(3) The amount of additional resources, if any, that would be required to administer the civilian workforce at PHS after eliminating the Corps and its administrative personnel.

A plan of action that addresses the above factors and other possible considerations would be needed before estimates of the transition costs involved could be determined.

Table I.8 summarizes the estimated comparative costs in 1994.

Table I.8: Estimated 1994 Comparative Costs of Employing PHS Corps Officers and Federal Civilian Employees

Category	PHS Corps officers	Federal civilian employees	Difference
Basic pay/Salaries	$296,611,000	$352,927,139	($56,316,139)
Special pays, allowances, and bonuses	155,111,338	22,080,403	133,030,935
Tax advantage	27,516,188	0	27,516,188
Retirement	107,076,571	75,173,481	31,903,090
Health care	17,972,511	23,373,547	(5,401,036)
Life insurance	0	480,321	(480,321)
Total	$604,287,608	$474,034,891	$130,252,717

Source: GAO analysis of Corps and civilian personnel costs.

It should be again emphasized that the estimate of civilian employee costs could be somewhat understated if PHS were to incur added overtime and other premium pay costs from using civilian employees rather than Corps officers to carry out all functions now assigned to Corps officers.

AGENCY COMMENTS

Our draft of this report included an estimate that, based on 1994 costs, PHS' annual personnel costs could be as much as $162 million a year lower if civilian employees were used for the functions now carried out by Corps officers, once a transition to civilian employment were completed. HHS stated that a number of circumstances had changed since our work was completed that would cause the cost difference to be lower than our estimate. Also, HHS pointed out that we had understated the potential costs of certain elements of the civilian

employee compensation package. HHS said its analyses suggested that no savings were available from civilianizing the Corps.

After analyzing HHS' comments, we agreed that our original estimate of the cost savings available from civilianizing the Corps was overstated. A major contributing factor was a significant reduction in the cost of the Corps retirement system. Our estimate reflected the latest actuarial valuation available at the time we completed our work, which showed the retirement system's normal cost was 35.9 percent of base pay. However, HHS pointed out that a new actuarial valuation showed the normal cost had dropped to 30.1 percent of base pay through the application of revised economic assumptions. On the basis of HHS comments, we also recalculated the estimated amounts that would be paid to civilian employees for Physicians' Comparability Allowances and retention bonuses if the Corps were eliminated. With the recalculations of these compensation elements and the reduction in Corps retirement costs, our estimate of the difference between annual Corps and civilian personnel costs on the basis of 1994 data was reduced to about $130 million.

HHS stated that efforts were under way to compensate PHS civilian physicians and other categories of health-care personnel under the provisions of Title 38 of the United States Code that allow higher than normal federal compensation amounts for Veterans Administration health-care personnel. According to HHS, paying Title 38 amounts to civilian replacements for Corps officers would cost approximately $47 million a year more than we had assumed in our cost comparisons. However, information subsequently provided by HHS showed considerable uncertainty about the extent to which Title 38 would actually be applied in the PHS agencies. HHS acknowledged that use of Title 38 compensation had not been authorized for all of the agencies and some of the agencies for which it had been authorized had no plans to use it. HHS said Title 38 was being used to the greatest extent in NIH, but added that there were still uncertainties about how many employees would ultimately be covered in NIH. Since it was not possible to predict with any degree of certainty how much use might be made of Title 38, we did not change our cost comparison estimates.

We did not agree with other HHS comments that suggested we should make further changes to our cost comparison estimates. In large part, we felt the matters involved were too speculative to justify assigning dollar values to them. For example, HHS stated that it would incur over $15 million in additional moving costs each year if the Corps were civilianized because civilian employees receive greater reimbursement of their moving costs than do Corps officers. HHS told us this estimate was made using data on actual relocations of Corps officers during fiscal year 1994 and the assumption that the same number of moves would occur each year if the Corps positions were filled by civilian employees. While it is true that average civilian moving cost reimbursements have been higher, we believe there is simply too much uncertainty about how many moves might be made in the future to determine how much, if any, added cost would be incurred. Similarly, HHS stated that it might need to spend about $3.8 million a year in recruitment bonuses to attract civilian employees to positions now held by Corps officers. Again, we believe this is too speculative to allow a dollar value to be assigned because it is not possible to know at this point how many officers might leave their jobs if the Corps were civilianized or whether recruitment bonuses might be necessary to recruit civilian replacements. Moreover, HHS provided information showing

that, of almost 2,500 civilian employees who were recruited into PHS during 1994 and 1995 in positions in the same occupations as Corps officers, only 65 received recruitment bonuses.

It should be noted that, because of uncertainties about future events, our cost comparisons also did not include a significant benefit available to Corps officers. When officers retire, they are eligible to receive reimbursement of the cost of traveling and shipping their household goods to any home they select. The home of selection may be in any location in the world, but the cost reimbursement is limited to the amount that would have pertained if the home of selection was in the contiguous United States. According to HHS, in 1994, about 42 percent of the retiring officers received such payments, averaging about $9,000 each. Similarly, officers who separate before retirement may receive reimbursement of the cost of travel and transportation of household goods to their homes of record or the locations from which they entered the Corps. Similar benefits are generally not available to civilian employees.

HHS also maintained that civilian employees who replaced Corps officers would receive higher salary grades than assumed in the report. It stated that many officers were actually working at higher levels of responsibility than their ranks would indicate; thus, the equivalencies of Corps ranks to civilian salary grades used in the report understated the civilian salary grades that would be assigned if the Corps' positions were civilianized. As discussed on page 22, we did not independently determine what civilian salary grades were appropriate for each of the Corps' ranks. Rather, PHS provided the equivalent salary grades that it determined would be appropriate for the duties and responsibilities of Corps members at each rank. In the absence of any evidence that PHS erred in determining the equivalent ranks and grades it originally provided us, we did not change the report.

While our draft report recognized that some amount of transition costs would be involved in converting Corps positions to civilian employment, it did not attempt to estimate such costs because of the decisions that would be required on how such a conversion would be carried out and over what time frame. In its comments, HHS estimated that the one-time transition costs would amount to at least $575 million, assuming that the conversion caused all retirement-eligible officers to retire and 25 percent of the remaining officers to leave federal service.

As discussed previously, we see no basis for assuming that such significant departures of Corps members would occur if the Corps were civilianized. More importantly, much of the costs HHS included in its estimate of transition costs are not directly related to elimination of the Corps. These costs included (1) $20.8 million to retiring officers and $4.3 million to other departing officers for their unused annual leave, (2) $5.7 million to retiring officers for moving costs to their homes of selection, and (3) $4.4 million to other departing officers for moving costs to their homes of record. These are all costs that would be eventually paid to the officers regardless of whether the Corps were retained.

The greatest amount of transition costs cited by HHS was $489 million to cover the unfunded liabilities for benefits officers have accrued under the Corps retirement system if they were transferred to the retirement system for civilian employees. HHS reasoned that the amount should be included as transition costs since the civilian retirement system is fully funded.

In our opinion, it is inappropriate to include unfunded Corps retirement liabilities as part of the costs of converting the Corps to civilian employment. For one thing, this assumes that all Corps officers would be immediately removed from the Corps retirement system and included under the civilian retirement system. This assumption may or may not be the manner in which a conversion to civilian employment would be carried out. More importantly, the cost of retirement benefits earned in the past under the Corps system bears no relationship to the cost of future benefits the officers would earn under the civilian system. It would be PHS' responsibility to fund the past service costs regardless of whether the officers remained under the Corps system or were included under the civilian system.

On the basis of its assumption that 25 percent of the Corps' physicians would leave federal service if the Corps were civilianized, HHS stated that it would cost $12.1 million to recruit civilian replacements and additional amounts would be required to recruit replacements in other job categories. HHS also said recruitment bonuses amounting to $23.4 million would have to be paid to civilian employees hired to replace all officers it assumed would leave federal service because of a transition to civilian employment. Also on the basis of its assumptions about officer departures, HHS stated that the vacancies in clinical positions would have to be filled with temporary contractors at an added cost of $16.3 million until permanent employees were hired.

It is difficult to evaluate these cost estimates because they are based on HHS assumptions about the magnitude of Corps officer departures. If the assumptions were to prove valid, it is clear that added recruiting costs of some amount would be incurred to replace departing officers and contracts might be needed for interim replacements as well. However, because of the uncertainties involved in HHS' assumptions, we did not evaluate any added costs that might be incurred as the result of officers' departures.

DOD had no comments on our response to question 5.

6. What are the functions of the reserve officers in the PHS Corps? What is the federal budgetary obligation to the inactive reserves?

In addition to the regular PHS Corps, PHS also maintains a reserve corps. The reserve corps is divided into two components--active and inactive duty. Officers in the Corps' active reserve are actually on continuous active duty, like regular Corps officers. All officers enter the Corps in the active reserve and, after 4 years of service, are eligible to be "assimilated" into the regular Corps (which requires nomination by the president and confirmation by the Senate.) Statutory provisions limit the size of the regular Corps to 2,800 members, and its actual strength was at 2,391 as of March 1995. The active reserve, which has no statutory limit, had a March 1995 strength of 3,885.

The PHS Corps inactive reserve component consists of former active Corps officers and students receiving training in a health-care profession who serve in the Corps during school breaks. The inactive reserve numbered 7,543 as of May 1994, including about 2,500 students. Inactive reserve members can be--and occasionally have been--called up for brief periods but do not participate in training or other organized Corps activities when not on duty. Inactive reserve members do not receive pay or other compensation except when serving on active

duty. Therefore, the Corps has no budgetary obligation for the inactive reserve. Except for any periods that officers may spend on active duty, time on the inactive reserve list does not count toward retirement.

AGENCY COMMENTS

Neither HHS nor DOD commented on our response to question 6.

7. Have there been efforts to change the Corps' retirement system to the accrual basis? If yes, what has occurred as the result of those efforts?

The PHS Corps retirement system is not prefunded, although there have been efforts in the past to convert it to the accrual basis. The federal budgets for fiscal years 1991 through 1993 contained proposals to change the Corps retirement system to the accrual basis. These proposals did not advance.

The 1996 federal budget proposed to require that agencies fully account for the costs of retirement benefits as they accrue. According to an Office of Management and Budget (OMB) official, this action would also convert the Corps retirement system from pay-as-you-go to the accrual basis. At the time we completed this report, no legislation to implement the proposal had yet been forwarded to Congress.

It has long been our position that the costs of federal retirement programs should be recognized as they accrue rather than when they are paid. When done properly, recognizing costs as they accrue reflects the full costs of providing retirement benefits to federal personnel at the time their services are rendered.

Until 1984, the military retirement system was funded on a pay-as-you-go basis in the same manner that the Corps retirement system is currently funded. The 1984 change required the military system to switch to the accrual basis.

The proposal to convert the Corps retirement to the accrual basis includes a plan to eliminate the system's unfunded liability. This liability amounted to $3.7 billion as of September 30, 1994, the last date for which a liability figure was available. The legislation that converted the military retirement system to the accrual basis also required that annual appropriations be made to the retirement fund to amortize the system's unfunded liability. The DOD Retirement Board of Actuaries established a 40-year amortization schedule for the liquidation of the unfunded liability. An OMB official said the proposal discussed above will call for the unfunded liability of the Corps' system to be amortized in a similar manner.

AGENCY COMMENTS

Neither HHS nor DOD commented on our response to question 7.

Objective, Scope, and Methodology

The objective of this report is to provide information on the operations of the Public Health Service's (PHS) Commissioned Corps. We were asked to provide answers to seven questions regarding PHS Corps officers' duties; the rationale for their receiving military-like pay, allowances, and benefits; and any savings that might result from not using uniformed personnel to carry out Corps duties. One of the questions asked about efforts to fund the Corps retirement system on the accrual basis.

The seven questions were as follows:

1. When and why was the PHS Corps established?

2. When and why were members of the Corps first covered by military-like pay, allowances, and benefits? What facts can be cited that are relevant to these justifications? In what ways is the Corps' compensation program like, and unlike, the military compensation program?

3. What reasons does the Corps now give in support of the need for uniformed services personnel to carry out its functions? What facts can be cited that are relevant to these arguments?

4. What are the DOD-stated principles of uniformed services' compensation? In what way do the Corps functions conform to, or not conform to, these principles?

5. Would there be cost savings if the PHS Corps did not use uniformed services personnel to carry out its functions?

6. What are the functions of the reserve officers in the PHS Corps? What is the federal budgetary obligation to the inactive reserves?

7. Have there been efforts to change the Corps' retirement system to the accrual basis? If yes, what has occurred as a result of those efforts?

To gather information on the Corps' history and officers' duties, we reviewed PHS historical material and interviewed and obtained documentation from officials of the Office of the Secretary of the Department of Health and Human Services (HHS); PHS, including Corps officials; the Indian Health Service; the Department of Defense (DOD), including the Departments of the Army and Navy; the National Transportation Safety Board; the Federal Emergency Management Agency;

the Environmental Protection Agency; the Coast Guard; and the Bureau of Prisons.

Since the Corps' compensation system is very similar to the compensation system for military personnel, we identified the criteria DOD uses to justify the military compensation system. These criteria were articulated in a report entitled The Fifth Quadrennial Review of Military Compensation.[1] We then obtained the views of PHS Corps officials on how service in the Corps related to these criteria. We also interviewed officials of HHS component agencies, such as the National Institutes of Health and the Health Care Financing Administration, to determine whether positions occupied by Corps officers in those organizations could be filled by civilians.

To compare the costs of using uniformed personnel or civilian employees to carry out Corps duties, we identified the different types of pay, allowances, bonuses, and benefits that officers receive in the Corps and obtained data from PHS that showed the cost to the government of providing each type of pay, allowance, bonus, and benefit during calendar year 1994. We used 1994 data because that was the most recent full year for which data were available. We obtained from PHS the equivalent General Schedule salary grades for civilian employees that would be appropriate for the duties and responsibilities of Corps members at each Corps grade. We then obtained from PHS and applied the average annual compensation (total pay, allowances, bonuses, and benefits) costs for PHS civilian employees in these grades during the same time period to estimate what the cost would have been if civilian employees had carried out the Corps functions.

We also obtained information on other types of benefits and privileges available to Corps members, such as military commissary and exchange privileges; access to military service clubs, health clubs, and other recreational facilities; and occupational health clinical services. Some of these benefits and privileges, such as the commissaries and exchanges, recreational facilities, and occupational health clinics, involve some measure of cost to the government, although not necessarily to PHS. However, because of the difficulty in determining the value of these benefits and privileges and the lack of information on the extent to which PHS personnel actually used them, we did not include these elements in our cost-comparison estimates.

[1]The Fifth Quadrennial Review of Military Compensation, Department of Defense, January 1984.

To gather information on the methods used to finance the Corps' retirement program, we interviewed officials from HHS and the Office of Management and Budget.

We did our work in Washington, D.C., and Oklahoma City, Pawnee, and Claremore, OK, between November 1994 and January 1996. Our work was done in accordance with generally accepted government auditing standards.

HHS and DOD provided written comments on a draft of this report. Copies of their comments are included as appendixes III and IV. HHS' comments included both a summary of HHS' positions on the matters discussed in the report and an appendix providing elaboration and details supporting the summary comments. Because we found that the summary comments captured the essence of the information contained in the appendix, only the summary comments are included in appendix III.

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

JAN 17 1996

Mr. L. Nye Stevens
Director, Federal Management
and Workforce Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Stevens:

Enclosed are the Department's comments on your draft report, "*Federal Personnel: Issues Related to the Need for the Public Health Service's Commissioned Corps.*" The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

Michael Mangano
for June Gibbs Brown
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

RESPONSE OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
TO THE GAO DRAFT REPORT RELATING TO
THE COMMISSIONED CORPS OF THE PUBLIC HEALTH SERVICE

The General Accounting Office's (GAO) draft report, "Issues Related to the Need for the Public Health Service's Commissioned Corps," contains no specific recommendations; however, the report does contain several "conclusions" that are addressed below.

1. The GAO draft report concludes that: "Based on 1994 costs, we estimate that PHS' annual personnel costs could be as much as $162 million a year lower if civilian employees were used for the functions now carried out by Corps members, once a transition to civilian employment were completed."

   The Department non-concurs. The Department conducted its own analysis (Appendix) which indicates that there is no cost advantage to converting Commissioned Corps officers to the Federal civil service. Equally important, the Department's cost analysis concludes that the Government would incur one-time transition costs, conservatively estimated at more than $575 million, if PHS officers were replaced with civil service employees. No transition cost estimates were included in the GAO cost analysis.

   The Department has a serious concern that without a clear statement of the methodology used by GAO in its analyses, we do not believe the draft report presents credible evidence to show that the Public Health Service (PHS) could successfully replace Corps officers by offering health professionals less compensation through the Federal civil service system.

   We believe the GAO cost analysis includes substantial, material errors. For example, the draft report concludes that PHS medical officers, if converted to the civil service, would receive a total of only $1,529,941 in Physician Comparability Allowances (PCA), an average of only $956 annually for each of the 1,612 Corps medical officers. This amount is far less than is the current civil service experience.

   A serious omission in the cost analysis is the fact that the average cost to relocate geographically a civil service employee is substantially higher, largely because personal residence sale and purchase expenses are reimbursable to civil service employees but not to Corps officers. In 1994, this additional outlay would have been $15,165,800, a substantial additional cost for relocating civil servants.

The Department of Veterans Affairs (DVA)--the only Federal agency other than the Department of Defense (DoD) and this Department that employs large numbers of health professionals--has its own higher special pay rates as noted in the Appendix. DVA relies on these special pays extensively to secure qualified health personnel. However, the draft report contains no analysis using the DVA special pay system.

It would be decidedly detrimental to the Federal Government's health programs to submit to the Congress large savings estimates related to conversion of the Corps to the civil service without making certain that those estimates are reasonably correct and without including a thorough discussion of all the potential ramifications of such action.

In addition, the draft report does not contain any discussion about the private sector market for health professionals in which the Department must compete for personnel. As indicated in the Appendix, health professionals command considerably more compensation in the private sector than either in the Corps or civil service.

2. The GAO draft report concludes that the Department and other Federal agencies could fulfill their missions solely using civil service employees.

The Department non-concurs. Each of the agencies to which officers are assigned has indicated that the loss of Corps officers would have an extremely detrimental impact on their programs (see Appendix). These clear and unequivocal comments from agency officials about the importance of the Corps to program mission are in stark contrast to the statements in the GAO report that were attributed to unidentified personnel. Particularly hard hit would be the major health care delivery programs that rely heavily on PHS officers--the Indian Health Service, Bureau of Prisons, Coast Guard, and the Health Resources and Services Administration. These programs utilize about half of the active duty officers and provide health services to some of the country's most disadvantaged populations that are often located in geographically remote areas.

A review of the long list of Federal agencies that have utilized and continue to utilize PHS officers demonstrates beyond a doubt the value of the Corps as a unique and valuable national health resource. With the exception of DVA and DoD, many Federal agencies rely on the PHS

Commissioned Corps as the de facto Federal personnel system for procuring health expertise. Agencies rely on the quality and mobility of Corps officers. Moreover, non-PHS agencies have found that it is far more effective, efficient, and economical to have PHS officers detailed to them than it is to try to recruit health professionals from the private sector.

For more than 120 years, the Corps has provided PHS with a flexible, mobile, dedicated, well-trained contingent of health professionals who have agreed to serve in accordance with the needs of PHS. The special attributes of the Corps as a personnel system are set forth in more detail in the Appendix. For example, the Appendix includes information about the highly-successful efforts of the Corps that increased the number of women and minority officers by 64.1 percent and 83.1 percent, respectively, since 1987. There are now more than 2,000 female officers, about one-third of the Corps, and more than 1,200 minority officers, about one-fifth of the Corps. Should the Corps be abolished, a significant number of women and minorities would be forced to convert to the civil service or separate from PHS because they are not retirement eligible.

One of the great advantages for the Department is the fact that Corps policies are developed internally to meet the changing needs of the agencies to which officers are assigned. Another notable advantage of the Corps is the fact that officers can be detailed easily to non-Departmental agencies to meet their special requirements for health personnel. The rotation of Corps officers through a variety of assignments, in many different agencies, creates a body of expertise that is unmatched in any other group of health professionals in the Federal Government.

Finally, as referenced in the Appendix, the Chief Professional Officers for the professional categories in PHS have indicated that loss of the Corps would create immediate and long-term problems in the recruitment and retention of qualified health professionals and the development of professional leadership for the future.

3. The GAO draft report concludes that PHS officers do not meet the criteria and principles cited in a Department of Defense report as justification for receipt of military compensation.

The Department non-concurs. The GAO draft report applies the rationale for payment of military combat personnel to the PHS Commissioned Corps. This analysis is based on

inappropriate comparisons and assumptions. The Corps does not have a combat mission. A more realistic comparison would have been between the health professional components of the military services and the PHS Commissioned Corps. This type of comparison, as set forth in the Appendix, clearly shows that PHS officers engage in much the same type of work and with most of the same types of responsibilities and liabilities as their health professional counterparts in the military services. The fact that the Corps provides personnel to the Coast Guard and that the Corps has provided personnel to serve in every major conflict involving American forces during this century clearly demonstrates the Corps' ability to carry out military-related missions when needed.

In 1988, PHS and DoD entered into an agreement by which PHS officers can be assigned to the military services in times of national emergency. DoD officials consider this agreement to remain in effect as indicated in the Appendix.

In addition, the President continues to have authority to militarize the Corps pursuant to 42 U.S.C. 217. It should be emphasized that the Corps is not in a standby mode pending advent of an emergency; rather, every active duty officer is engaged in full-time duties with the agency to which he or she is assigned, but these officers can be deployed should events so dictate.

Two important technical corrections need to be made in the draft GAO report relative to the organizational status of the PHS and the Office of the Surgeon General (OSG) pursuant to Departmental reorganization activities. The PHS continues to exist and is constituted by the 8 PHS agencies and the Office of Public Health and Science (OPHS). The OSG is located organizationally in the OPHS. This reorganization was approved by Secretary Shalala on October 31, 1995.

One last point deserves emphasis. At best, one can only hypothesize whether this Department and other agencies could replace Corps officers by employing health professionals through the Federal civil service. Should that hypothesis be tested and found wanting, major Federal health programs and their beneficiaries will suffer. Moreover, substantial amounts of funds and resources over currently budgeted levels would be required to procure the services formerly provided by Corps officers. This additional funding requirement would occur in an atmosphere of fiscal austerity.

Given these observations and analyses, the Department would oppose any action which would undermine its ability to provide the health professionals necessary to fulfill its mission through the use of the PHS Commissioned Corps.

Comments From the Department of Defense

THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301-1200

HEALTH AFFAIRS

08 DEC 1995

The Honorable Charles A. Bowsher
Comptroller General of the United States
441 G Street, NW, Room 7100
Washington, D.C. 20548

Dear Mr. Bowsher:

Thank you for the opportunity to review the GAO draft report entitled, "Issues Related to the Need for the Public Health Service's Commissioned Corps." The following comments are provided to assist in preparing the final report.

The Department of Defense (DoD) and the Department of Health and Human Services signed a memorandum of understanding (MOU) covering the utilization of commissioned corps officers of the U.S. Public Health Service (PHS) in DoD during periods of national emergencies. It was indefinitely extended in 1989. We feel that a reference to the MOU should be included in the final report.

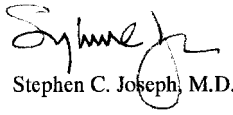
We also note that the numbers of PHS personnel working in the DoD is understated. Four officers are assigned to Health Affairs, the Joint Staff, and the Office of Civilian Health and Medical Program of the Uniformed Services. Additionally, there are 12 PHS faculty members and 34 students assigned to the Uniformed Services University of the Health Sciences. PHS personnel assignments procedures used to detail personnel to governmental agencies who are subsequently detailed to DoD may not provide immediate visibility of these personnel.

In Table I-1, page 14, reference is made to a statement made by an official in charge of health services operations and readiness that "...PHS' participation is not contemplated in DoD emergency mobilization plans." Recommend that this phrase be deleted. Although there are no formal plans which assign specific tasks and missions for PHS officers, the Department still considers the MOU viable and contemplates utilization of PHS officers in times of national emergencies. There have been a number of occasions as recently as the Persian Gulf War, relief operations in Rwanda, and others, when PHS officers materially participated. These were clearly identified by your auditors elsewhere in the draft report.

We appreciate the opportunity to participate in this study. We are ready to provide any further assistance that you may need.

My point of contact for this action is COL Don Curry. He can be contacted at (703) 697- 8233.

Sincerely,



Stephen C. Joseph, M.D., M.P.H.

cc:
DoDIG

Major Contributors to This Report

General Government Division, Washington, D.C.

Robert E. Shelton, Assistant Director, Federal Management and Workforce Issues
Nancy A. Patterson, Assignment Manager
Philip Kagan, Technical Advisor
Steven J. Berke, Evaluator-in-Charge
Marlene M. Zacharias, Evaluator Assistant

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